

DOCKET FILE COPY ORIGINAL

RECEIVED

NOV 16 2001

BELLSOUTH

FEDERAL COMMUNICATIONS COMMISSION

OFFICE OF THE SECRETARY

BellSouth

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351

whit.jordan@bellsouth.com

W. W. (Whit) Jordan
Vice President-Federal Regulatory

202 463-4114
Fax 202 463-4198

November 16, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: CC Docket Nos. 96-262 and 94-1, Subscriber Line Charge Cost Review Proceeding

On September 17, 2001, the Commission released a Public Notice directing the Price Cap local exchange carriers to submit cost information that would enable the Commission to verify that any increases to the current subscriber line charge cap on primary residential and single-line business customers are warranted. Attached to this letter is the cost information for BellSouth Telecommunications Inc. ("BellSouth"). As requested in the Public Notice, BellSouth calculated its forward-looking incremental cost associated with providing primary residential and single-line business customers voice-grade access to its network. Attached to this letter are BellSouth's cost information and an explanation of its cost methodology. The interstate forward-looking cost of a primary residential and single-line business line in BellSouth is \$7.01. As BellSouth's data show, the currently scheduled increases in the subscriber line charge cap for primary residential and single-line business customers are fully justified and should be permitted to take effect as scheduled.

As directed in the Public Notice, BellSouth is filing an original and four copies of its cost information. If you should have any question regarding BellSouth's submission, please do not hesitate to call me at 202-463-4114.

Yours Truly,



William W. Jordan

cc: Tamara Preiss
Qualex International

No. of Copies rec'd
List ABCDE

4

**BELLSOUTH FORWARD-LOOKING COST INFORMATION
RETAILVOICE GRADE ACCESS TO THE PUBLIC SWITCHED NETWORK
(PRIMARY RESIDENTIAL AND SINGLE LINE BUSINESS
SUBSCRIBER LINE CHARGE CAPS)
CC DOCKET NOS. 96-262, 94-1**

Background

In the Commission's Sixth Report and Order in CC Docket Nos. 96-262 and 94-1 adopted on May 31, 2000 and released on May 31, 2000, the Commission stated,

"[W]e shall review any increases to residential and single-line business SLC caps above \$5.00 to verify that any such increases are appropriate and reflect higher costs where they are applied. We will initiate and complete a cost review proceeding prior to any scheduled increases above this cap taking effect to determine the appropriate SLC cap. For this proceeding, the price cap local exchange carriers (LECs) have agreed to provide, and we will examine, forward-looking cost information associated with the provision of retail voice grade access to the public switched telephone network. We will address in that proceeding whether an increase in the SLC cap above \$5.00 is warranted and, if not, whether a decrease in common line charges is warranted.

On September 17, 2001, the Commission released a Public Notice initiating that proceeding and directing price cap LECs to file forward-looking costs. This filing provides BellSouth's response to that request.

Summary

BellSouth's forward-looking cost study submission contains an overview of the cost methodology and cost models used in the forward-looking studies and the results of those studies. The study reflects BellSouth's cost of providing retail voice grade access for primary residential and single line business customers to the public switched telephone network. The cost results include average loop costs associated with primary residential and single line business locations, a voice grade switching line port cost, and associated shared and common costs. These costs are provided as directed by the Commission for the purpose of verifying that the currently scheduled increases in the residential and single-line business Subscriber Line Charge cap are warranted. As such, these costs are not substitutes for nor should they be considered as appropriate for Unbundled Network Element (UNE) costs, universal service costs, or for any other purpose.

The costs include a 2-wire voice grade loop connected to a 2-wire line side port. The loop is the physical 2-wire transmission facility that extends from the main distributing frame connection in the end office up to, and including, the network interface device (NID) at the end user's premises. The loop is provided as a non-designed circuit and includes both feeder and distribution outside plant. The port is a dedicated switch termination that provides the switch connection for 2-wire voice grade telephone lines. The port does not include features.

From these studies, the interstate forwarding-looking cost of a primary residential and single-line business line is \$7.01. This result clearly supports the currently scheduled increases in the residential and single-line business Subscriber line Charge (SLC) cap above \$5.00 for BellSouth.

Overview of Forward-Looking Cost Methodology

BellSouth has determined the forward-looking costs of providing access to the public switched network via a 2-wire voice grade loop and switch port for primary residential and single line business customer locations. BellSouth's studies are based upon sound, well-accepted economic principles used in other forward-looking cost studies.

BellSouth's studies include the direct incremental costs of providing voice grade retail access to the public switched network plus a reasonable portion of shared and common expenses. Loop costs reflect the average costs of providing a 2-wire voice grade loop to primary residential and single line business customer locations in BellSouth territory. Loops are provided via copper facilities or fiber-fed digital loop carrier systems with copper distribution based on BellSouth loop deployment guidelines and engineering parameters. The loops provided over fiber-fed digital loop carrier (DLC) systems terminate on an integrated basis directly into the switch.

Port costs reflect the cost of terminating a loop in the central office, i.e., the non-traffic sensitive switching costs. Loops can terminate on the switch either on an analog basis (if the loop is copper), or digitally (if the loop is served via DLC).

Interstate loop and port costs are jurisdictionally separated by applying a 25% interstate factor to the results. Common costs reflect BellSouth's projected common costs and a factor is applied to reflect the appropriate portion of common costs associated with the interstate common line.

The first step in developing recurring cost studies is to determine the forward-looking network architecture that, when deployed, represents the most efficient design. The material prices for the equipment and their respective capacities necessary to implement the forward-looking design are gathered. When multiple vendors are used, it is necessary to determine the average material price for a typical element based on the probability of occurrence. Material costs for cable and equipment are BellSouth-specific prices reflecting any and all discounts that BellSouth may receive. Inflation factors, based on Telephone Plant Indices (TPIs) that vary by plant account code, are then applied to the material prices to trend the base-year material price to levelized amounts that are valid for a three-year planning period. In order to convert the material prices to installed investments, account specific in-plant loadings are applied to the material prices. The in-plant loadings include engineering and installation labor (potentially both BellSouth and vendor), exempt material and sales taxes.

Supporting equipment and power loadings are added, as appropriate, to specific investment accounts. Next, support structure investments for land, building, poles and conduit are developed. These support structure investments are identified by their relationship to the respective item of plant being supported. For example, applying a pole-loading factor to the forward-looking aerial cable investment develops the forward-looking pole investment. An accounting change, effective in 1999, reclassified Right-To-Use (RTU) fees from expense to capital. In order to reflect the capitalized RTU fees (560C) associated with central office investments (377C), BellSouth also developed a RTU fee loading factor.

The monthly costs resulting from capital investments are called recurring costs. Recurring costs include capital and operating costs. Capital costs include depreciation, cost of money and income tax. Operating costs include the expenses for maintenance, ad valorem and other taxes and represent ongoing costs associated with upkeep of the initial capital investment.

Annual Cost Factors are used to calculate the direct capital costs, plant specific expenses and taxes. Account specific factors for each Uniform System of Accounts – Field Reporting Code (USOA-FRC) are applied to the installed investment by account code, yielding an annual cost per account code. Account specific shared cost factors are applied to forward-looking investment to produce forward-looking shared costs. Forward-looking common costs are added to the recurring capital, operating and shared costs to produce the total recurring costs associated with providing voice grade access for primary residential and single line business lines to the public switched network in BellSouth.

Cost Models Overview

BellSouth's cost studies included in this package are the result of a set of cost models used to develop the forward-looking loop, switch and common costs.

BellSouth Telecommunications Loop Model© (BSTLM)

BellSouth's loop material costs are based on the BellSouth Telecommunications Loop Model (BSTLM)©. This model uses geocoded customer locations, geocoded wire center locations and boundaries, and the number and types of services located at each customer location to size a network necessary to serve all customer locations, and all services at each location. Once the network size for each wire center is developed, the material associated with each wire center can be determined. The model can be used to produce reports on the material required to handle each type of service in the wire centers. The model determines total loop material costs required to serve all services at all locations in order to take advantage of inherent economies of scale in provisioning one network to serve all customers. For this study, the model report generator produces an extraction of those material costs associated with that part of the total network required to serve customer locations containing a primary residential or single line business service.

Switching Cost Information System - Model Office© (SCIS-MO) and BellSouth's Simplified Switching Tool© - Port (SST-P)

The non-traffic sensitive switching, or port, material costs were determined using Telcordia's Switching Cost Information System - Model Office© (SCIS-MO) and BellSouth's Simplified Switching Tool© - Port (SST-P). SCIS-MO© is used to develop fundamental switching investments. SCIS/MO© was developed by, is maintained by, and is the intellectual property of Telcordia. It uses a "bottoms up" approach to develop the fundamental switching investments. The individual switch architecture and the vendor's engineering rules are used to identify the investment drivers, and to partition the switch into functional categories. The user inputs required for SCIS/MO are study and office parameters. The study parameters, such as switch generic program versions and vendor discounts are "global" inputs for individual switch vendors. The office parameters are specific to individual offices. Using the study parameters, office parameters, investment tables and other miscellaneous tables within the system, the SCIS/MO equations "engineer" each individual office. The resulting system components

are then partitioned into functional categories, and the investments and unit investments are calculated for each.

The SCIS-MO© unit investment outputs are fed into the SST-P© to develop end office switch port investments. The SST-P© provides non-traffic sensitive investments for a variety of line and trunk ports. For this study, the 2-wire line port was developed since it is required to terminate voice grade residential and single-line business service.

BellSouth Cost Calculator©

Once material costs are determined from the BSTLM© and the SST-P©, these results are input into the BellSouth Cost Calculator©. The BellSouth Cost Calculator© simply acts as a “calculator” to convert material costs into installed investments, adds structure investments such as poles, conduit, land and buildings, etc. and then converts these investments into monthly capital costs (depreciation, cost of money and income tax), operating costs (plant-specific costs) and shared costs.

More specifically, the BellSouth Cost Calculator© applies account and state-specific in-plant factors to the material to convert the material costs to installed investments. In-plant factors provide for exempt material, vendor installation and engineering costs, BellSouth engineering and labor costs, sales tax, and other miscellaneous capitalized items such as interest during construction and right of way costs. In addition to applying appropriate in-plant factors, the BellSouth Cost Calculator© also applies loading factors to account for land and building investments associated with central office equipment, pole investments associated with aerial cable, conduit investments associated with underground cable and other miscellaneous loadings.

Once the calculator has developed total installed investments for the loop and switch port, by plant account, annual cost factors are applied to convert investments into recurring capital and operating costs. Capital costs include depreciation, cost of money and income taxes. Depreciation is computed using forward-looking economic depreciation lives and net salvage percentages. BellSouth has used 11.25% cost of money and combined federal and state income tax factors in the calculations of cost of money and income taxes. Plant-specific expenses are determined as a percentage of investments. Plant-specific expense factors are state-specific and plant account specific. In addition to computing direct incremental costs for the loop and port, the BellSouth Cost Calculator© also calculates shared costs attributable to the loop and port. Shared costs are expressed as account-specific ratios of expenses to investments.

The following provides more a more detailed description of the steps taken by the BellSouth Cost Calculator©.

- Material prices, by FRC and sub-FRC, are converted to investments by applying inflation factors, inplant loadings and supporting equipment and/or power loadings, if applicable. The in-plant loading factors account for the Telco & vendor engineering costs, Telco & vendor installation costs, exempt material costs, and other miscellaneous costs that are incurred by BellSouth in addition to the basic non-exempt material costs. In other words, the in-plant loading factor converts the material cost of an item of plant into an installed, fully tested, ready-for-service investment. In-plant loading factors are account-specific and the derived total in-plant costs are representative of the total investment dollars that are to be recorded in the related capital accounts.

- Supporting Equipment and Power (SE&P) loading factors are used to calculate the incremental investment for such items as power equipment (rectifiers, power supplies, batteries, some fuse panels and emergency power generators) and other equipment (distributing frames, ladders, tools, alarms and test sets) required to support an additional dollar of core central office (CO) investment. Switching Main Distributing Frame costs are excluded from these calculations because they are included separately in the loop costs from the BSTLM©.
- Investments, including supporting equipment, flow into the Land, Building, Pole, and Conduit module. Land and Building loading factors are translators used to determine the amount of investment in land and building associated with central office investment. Ratios are developed between central office related land investments and central office equipment investments and between central office related building investments and central office equipment investments. Pole and conduit loading factors are translators used to determine the amount of investment in poles and conduit associated with aerial and underground cable investment. The pole loading is developed by comparing the investment in poles to the related investment in aerial cable. A ratio is then developed that allows each dollar of aerial cable investment to include a fraction of the total pole investment. The conduit loading is developed by comparing the investment in conduit to the related investment in underground cable. A ratio is then developed that allows each dollar of underground cable investment to include a fraction of the total conduit investment.

For 377C switching investment, the 560C factor is utilized to develop the software RTU investment. The SST-PC© computes switch RTU fees by applying the RTU fee loading factor (FRC 560C) to the primary switch (377C) investment.

- The investments from the Investment Development and the Land, Building, Pole, and Conduit Investment Development modules are summed to the FRC level and flow into the Recurring Cost Development module. This process applies depreciation, cost of money (COM), income tax, plant specific, and ad valorem tax factors to the investments. These results are then summed to produce direct cost. The shared cost factor is applied to the investments to produce shared cost and then added to direct cost.

Development of Annual Cost Factors

Within the recurring cost development process, annual cost factors are used to determine the amount of recurring cost for one year associated with acquiring and using a particular investment. Annual cost factors are developed for each category of plant investment. When the dollar amount for a particular investment is multiplied by the annual cost factor for that particular category of plant investment, the product reflects the annual recurring cost incurred by BellSouth with respect to that particular investment. There are basically two types of cost associated with investment: capital-related costs and operating-related costs. Capital-related costs consist of three major categories: depreciation, cost of money, and income tax. The capital-related cost factors are developed using a PC based spreadsheet, the Capital Cost Calculator, which uses various financial data and plant investment characteristics to compute the annual capital costs by category of plant. Book depreciation is a function of economic depreciation

lives, future net salvage and Gompertz-Makeham survival curves (defined in the calculator by the c, G and S parameters) for the respective classes of plant. Cost of Money is the return on investment needed to satisfy both the debt and equity investors in the enterprise. Income tax calculations are a function of the return on equity (that portion of the Cost of Money not directed toward debt retirement) and debt service requirements. In calculating annual depreciation amounts, the Calculator methodology uses the standard Midyear Equal Life Group (ELG) approach. Since midyear convention is used, the first year values recognize that capital is only on the books for half of a year.

Plant investments must also be maintained to provide for continuing operations. Ordinary repairs and maintenance, as well as rearrangements and changes, are necessary costs for all categories of plant (except land) in order to provide proper service. These maintenance costs, as well as ad valorem taxes and other taxes must be covered by the revenues received from the use of the asset. The operating-related cost factors are developed using various spreadsheets, which basically compute the annual operating-related costs by category of plant, and divide that amount by the investment in that category of plant.

Shared and Common Costs Development

The BellSouth Shared and Common Cost Application is a process that employs cost assignments that are fundamentally based on the cost attribution principles underlying the Cost Allocation Manual (CAM) approved by the FCC. These principles provide a structural "cost causative" basis for assigning costs to network related plant or to non-network related groupings like shared or common costs. Shared cost factors, determined in the Shared and Common Cost Application, are applied to forward-looking investments to produce forward-looking shared costs associated with the primary residential and single line business loop and port. Examples of typical shared costs include accounts in 653X - Other Network Expenses, 211X - General Support Assets, and 612X - General Support Expenses. BellSouth also utilized its Shared and Common Cost Application in order to develop the projected common costs that span the activities of the entire (wholesale & retail) business. Examples of typical common costs include accounts in 6623 - Customer Services, 661X - Marketing, and 672X - General & Administrative. The resulting projected total common costs were then divided by projected Average Access Lines In Service (AALIS) to get a total common cost per access line amount. The total common cost per access line amount was then multiplied by 15% (simple average of Total Operating Expenses [TOE] and Total Plant In Service [TPIS] Common-Line-to-Subject-to-Separations ratios from the most recently filed ARMIS 43-01 Report) in order to develop an interstate, common-line related common cost per access line amount.

Cost Results

Direct and shared recurring loop and port costs are developed for each of the nine BellSouth states in the BellSouth Cost Calculator®. Worksheets showing the development of these costs are attached. State results are weighted together using the line count from the BSTLM® of primary residential and single line business lines for each state. Interstate loop and port costs are jurisdictionally separated by applying a 25% interstate factor to the weighted recurring cost results. Projected interstate common line-related common costs are added to the BellSouth regional recurring loop and port costs.

No non-recurring costs are included in the study.

The attached worksheets provide the following results:

- Summary worksheet of Costs Attributable to Interstate Primary Residential and Single Line Business Subscriber Line Charge
- Development of Interstate Common-Line Related Common Costs per Line Worksheet
- BellSouth Cost Calculator© Worksheets for Loop and Port Costs -- by State

Summary of Recurring Costs Attributable to Interstate Subscriber Line Charge

<u>A</u> Line number	<u>B</u> State	<u>D</u> Total Loop plus Port Cost -- 2 Wire Voicegrade Primary Residence + Single Line Business (Source 1)	<u>E</u> Line Data - 2 Wire Voicegrade Primary Residence + Single Line Business (Source 2)	<u>F</u> Total Cost - 2 Wire Voicegrade Primary Residence + Single Line Business
4	Alabama	23.904	1,241,515 \$	29,677,652.50
5	Florida	18.081	3,662,368 \$	66,217,923.38
6	Georgia	19.523	2,233,958 \$	43,614,092.45
7	Kentucky	26.857	803,644 \$	21,583,719.74
8	Louisiana	24.392	1,408,427 \$	34,354,183.94
9	Mississippi	33.359	840,126 \$	28,026,146.72
10	North Carolina	21.121	1,389,775 \$	29,353,412.76
11	South Carolina	23.886	920,801 \$	21,993,991.44
12	Tennessee	21.150	1,670,149 \$	35,323,578.08
13				
14				
15	Subtotal		14,170,763 \$	310,144,701.00
16				
17	Region Average Loop and Port Monthly Cost		=+F15/E15	\$ 21.89
18				
19				
20	25 % of Region average Loop and Port costs		= 0.25*F17	\$ 5.47
21	Common Cost, associated with Interstate Common Line (Source 3)			\$ 1.54
22	SLC Monthly Cost total		=+F20+F21	\$ 7.01

Source:

- (1) BellSouth Cost Calculator workpapers - Recurring Cost Summary sheets
- (2) BSTLM - Primary Residence and Single Line Business Lines
- (3) Common Worksheet - ComCostDev.xls (common cost development)

11/05/2001

Worksheet: Common

Primary Residential and Single Line Business

**Development Of Common Cost Per Line Amount In Connection With
FCC Public Notice: Initiation of Cost Review Proceeding for Residential
and Single-Line Business Subscriber Line Charge (SLC) Caps
CC Docket Nos. 96-262, 94-1
Created On: 11/5/2001 9:04:40 PM**

Description	Amount
Projected Average Annual Common Costs	\$3,207,702,926
2002 Average Access Lines In Service	26,121,122
Total Common Cost Per Line Per Month	\$ 10.23
Interstate Common Line Related Common Cost Per Line Per Month	\$ 1.541

11/6/2001

Recurring Cost Summary

Primary Res. and Single Line Bus.

Alabama 2-Wire Voice Grade Loop

<u>Description</u>	<u>Volume Sensitive</u>			<u>Volume Insensitive</u>		
	<u>Direct Cost</u>	<u>Shared Cost</u>	<u>Dir. & Shrd.</u>	<u>Direct Cost</u>	<u>Shared Cost</u>	<u>Dir. & Shrd.</u>
Recurring Cost Development Reports	\$20.0976	\$1.9997	\$22.0972	\$0.0000	\$0.0000	\$0.0000
LABOR EXPENSES:						
OTHER EXPENSES:						
Subscriber Line Testing	\$0.3626	\$0.0000	\$0.3626	\$0.0000	\$0.0000	\$0.0000
NTW - Monthly Cost Per Access Line	\$0.0980	\$0.0000	\$0.0980	\$0.0000	\$0.0000	\$0.0000
Total Monthly Cost	<u>\$20.5582</u>	<u>\$1.9997</u>	<u>\$22.5578</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>
Gross Receipts Tax Factor		X	1.0000		X	1.0000
Cost (Including Gross Receipts Tax)			<u>\$22.5578</u>			<u>\$0.0000</u>
Common Cost Factor		X	1.0000		X	1.0000
Monthly Economic Cost			<u>\$22.5578</u>			<u>\$0.0000</u>
<u>Total Monthly Economic Cost: \$22.5578</u>						

Alabama
2-Wire Voice Grade Loop

Description	FRC	Sub FRC	Material	Inflation Factor	Adjusted Material	In-Plant Factors (Default = 1)					In-Plant Investment	Supporting Equipment &/or Power Loading	Total Investment
						Plug-in Inventory Factor	Mat'l Factor	Telco Factor	Plug-in Factor	Hardware Factor			
Aerial Ca - Metal - Building Entrance	12C	00	\$0.0014	1.1254	\$0.0016	NA	3.7508	NA	NA	NA	\$0.0060	NA	\$0.0060
Aerial Ca - Metal - Building Entrance 24-Guage	12C4	00	\$0.0048	1.1254	\$0.0054	NA	3.7508	NA	NA	NA	\$0.0203	NA	\$0.0203
Aerial Ca - Metal	22C	00	\$4.2300	1.1254	\$4.7606	NA	3.6727	NA	NA	NA	\$17.4842	NA	\$17.4842
Aerial Ca - Metal - Drop	22C	01	\$18.7163	1.1254	\$21.0640	NA	NA	NA	NA	NA	\$21.0640	NA	\$21.0640
Aerial Ca - Metal 24-Guage	22C4	00	\$32.0566	1.1254	\$36.0778	NA	3.6727	NA	NA	NA	\$132.5031	NA	\$132.5031
Digitl Circ - Pair Gain - C.O. - Hardwired - MCEP	257C	03	\$8.2210	0.9800	\$8.0566	NA	NA	NA	NA	2.5641	\$20.6580	1.0223	\$21.1186
Digitl Circ - Pair Gain - C.O. - Com. Plug-in - MCEP	257C	06	\$33.3459	0.9800	\$32.6790	NA	NA	NA	1.1631	NA	\$38.0086	1.0223	\$38.8562
Digitl Circ - Pair Gain - C.O. - Def. Plug-in - MCEP W/O Sp. Stock	257C	12	\$8.2794	0.9800	\$8.1138	NA	NA	NA	1.1631	NA	\$9.4371	1.0223	\$9.6475
Digitl Circ - Pair Gain - Prem - Hardwired - Power Only	257C	19	\$0.0006	0.9800	\$0.0006	NA	NA	NA	NA	2.5641	\$0.0015	1.0209	\$0.0015
Digitl Circ - Pair Gain - Prem - Com. Plug-in - Power Only	257C	22	\$0.0013	0.9800	\$0.0013	NA	NA	NA	1.1631	NA	\$0.0015	1.0209	\$0.0015
Digitl Circ - Pair Gain - Prem - Def. Plug-in - Power Only W/O Sp. Stock	257C	28	\$0.0014	0.9800	\$0.0014	NA	NA	NA	1.1631	NA	\$0.0016	1.0209	\$0.0017
Digitl Circ - Pair Gain - Remote - Hardwired - Power Only	257C	37	\$62.7957	0.9800	\$61.5398	NA	NA	NA	NA	2.5641	\$157.7947	1.0209	\$161.0981
Digitl Circ - Pair Gain - Remote - Com. Plug-in - Power Only	257C	40	\$50.0451	0.9800	\$49.0442	NA	NA	NA	1.1631	NA	\$57.0429	1.0209	\$58.2371
Digitl Circ - Pair Gain - Remote - Def. Plug-in - Power Only W/O Sp. Stock	257C	46	\$34.2191	0.9800	\$33.5347	NA	NA	NA	1.1631	NA	\$39.0040	1.0209	\$39.8205
Digital Elec Switch - MDF	377C	05	\$3.4600	1.0338	\$3.5768	NA	1.2340	NA	NA	NA	\$4.4138	1.0946	\$4.8315
Buried Ca - Metal	45C	00	\$7.4343	1.1037	\$8.2049	NA	5.7916	NA	NA	NA	\$47.5194	NA	\$47.5194
Buried Ca - Metal - Drop	45C	01	\$47.6257	1.1037	\$52.5625	NA	NA	NA	NA	NA	\$52.5625	NA	\$52.5625
Buried Ca - Metal 24-Guage	45C4	00	\$51.2651	1.1037	\$56.5791	NA	5.7916	NA	NA	NA	\$327.6811	NA	\$327.6811
Intrbld Network - Metal	52C	00	\$0.3519	1.1325	\$0.3985	NA	4.8162	NA	NA	NA	\$1.9191	NA	\$1.9191
Intrbld Network - Metal 24-Guage	52C4	00	\$0.0410	1.1325	\$0.0464	NA	4.8162	NA	NA	NA	\$0.2235	NA	\$0.2235
Underground Ca - Metal	5C	00	\$3.5693	1.1325	\$4.0421	NA	3.2997	NA	NA	NA	\$13.3378	NA	\$13.3378
Underground Ca - Metal 24-Guage	5C4	00	\$5.9517	1.1325	\$6.7402	NA	3.2997	NA	NA	NA	\$22.2406	NA	\$22.2406
Aerial Ca - Fiber - Building Entrance	812C	00	\$0.0000	1.0235	\$0.0000	NA	3.4287	NA	NA	NA	\$0.0000	NA	\$0.0000
Aerial Ca - Fiber	822C	00	\$11.1892	1.0235	\$11.4517	NA	1.9287	NA	NA	NA	\$22.0864	NA	\$22.0864
Buried Ca - Fiber	845C	00	\$12.3945	1.0578	\$13.1111	NA	2.9652	NA	NA	NA	\$38.8773	NA	\$38.8773
Underground Ca - Fiber	85C	00	\$2.1229	0.9933	\$2.1088	NA	1.9665	NA	NA	NA	\$4.1468	NA	\$4.1468
											\$1,028.0358		\$1,035.2863

Alabama
2-Wire Voice Grade Loop

	A=Prev Page Col G		B	C=AxB	D	E=AxD	F	G=AxF	H	I=AxH	
Description	FRC	Sub FRC	Investment	Land Factor	Land Investment	Building Factor	Building Investment	Pole Factor	Pole Investment	Conduit Factor	Conduit Investment
Aerial Ca - Metal - Building Entrance	12C	00	\$0.0060	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Aerial Ca - Metal - Building Entrance 24-Guage	12C4	00	\$0.0203	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Aerial Ca - Metal	22C	00	\$17.4842	NA	\$0.0000	NA	\$0.0000	0.3824	\$6.6857	NA	\$0.0000
Aerial Ca - Metal - Drop	22C	01	\$21.0640	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Aerial Ca - Metal 24-Guage	22C4	00	\$132.5031	NA	\$0.0000	NA	\$0.0000	0.3824	\$50.6677	NA	\$0.0000
Digitl Circ - Pair Gain - C.O. - Hardwired - MCEP	257C	03	\$21.1186	0.0044	\$0.0939	0.1490	\$3.1476	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - C.O. - Com. Plug-in - MCEP	257C	06	\$38.8562	0.0044	\$0.1727	0.1490	\$5.7912	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - C.O. - Def. Plug-in - MCEP W/O Sp. Stock	257C	12	\$9.6475	0.0044	\$0.0429	0.1490	\$1.4379	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - Prem - Hardwired - Power Only	257C	19	\$0.0015	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - Prem - Com. Plug-in - Power Only	257C	22	\$0.0015	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - Prem - Def. Plug-in - Power Only W/O Sp. Stock	257C	28	\$0.0017	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - Remote - Hardwired - Power Only	257C	37	\$161.0981	0.0044	\$0.7159	0.1490	\$24.0105	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - Remote - Com. Plug-in - Power Only	257C	40	\$58.2371	0.0044	\$0.2588	0.1490	\$8.6798	NA	\$0.0000	NA	\$0.0000
Digitl Circ - Pair Gain - Remote - Def. Plug-in - Power Only W/O Sp. Stock	257C	46	\$39.8205	0.0044	\$0.1770	0.1490	\$5.9350	NA	\$0.0000	NA	\$0.0000
Digital Elec Switch - MDF	377C	05	\$4.8315	0.0044	\$0.0215	0.1490	\$0.7201	NA	\$0.0000	NA	\$0.0000
Buried Ca - Metal	45C	00	\$47.5194	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Buried Ca - Metal - Drop	45C	01	\$52.5625	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Buried Ca - Metal 24-Guage	45C4	00	\$327.6811	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Intrbld Network - Metal	52C	00	\$1.9191	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Intrbld Network - Metal 24-Guage	52C4	00	\$0.2235	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Underground Ca - Metal	5C	00	\$13.3378	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	0.7382	\$9.8454
Underground Ca - Metal 24-Guage	5C4	00	\$22.2406	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	0.7382	\$16.4172
Aerial Ca - Fiber - Building Entrance	812C	00	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Aerial Ca - Fiber	822C	00	\$22.0864	NA	\$0.0000	NA	\$0.0000	0.3824	\$8.4456	NA	\$0.0000
Buried Ca - Fiber	845C	00	\$38.8773	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
Underground Ca - Fiber	85C	00	\$4.1468	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	0.7382	\$3.0610
				FRC 20C:	\$1.4826	FRC 10C:	\$49.7221	FRC 1C:	\$65.7991	FRC 4C:	\$29.3237

11/6/2001

Recurring Direct Cost Development - Volume Sensitive

Primary Res. and Single Line Bus.

Alabama
2-Wire Voice Grade Loop

<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<div> <div>A</div> <div>B=AxFactor</div> <div>C=AxFactor</div> <div>D=AxFactor</div> <div>E=AxFactor</div> <div>F=AxFactor</div> <div>I=(B+C+D+E+F)</div> </div>					
			<u>Depreciation & Factor</u>	<u>Cost of Money & Factor</u>	<u>Income Tax & Factor</u>	<u>Plant Specific Expense & Factor</u>	<u>Ad Valorem Expense & Factor</u>	<u>Direct Cost</u>
Buildings - COE	10C	\$49.7221	\$1.0423 0.0210	\$4.4408 0.0893	\$2.1066 0.0424	\$1.6736 0.0337	\$0.3723 0.0075	\$9.6356
Aerial Ca - Metal - Building Entrance	12C	\$0.0263	\$0.0020 0.0775	\$0.0018 0.0669	\$0.0008 0.0317	\$0.0010 0.0368	\$0.0002 0.0075	\$0.0058
Poles	1C	\$65.7991	\$2.8856 0.0439	\$4.7566 0.0723	\$2.2564 0.0343	\$2.4861 0.0378	\$0.4927 0.0075	\$12.8774
Land - COE	20C	\$1.4826	\$0.0000 0.0000	\$0.1668 0.1125	\$0.0791 0.0534	\$0.0000 0.0000	\$0.0111 0.0075	\$0.2570
Aerial Ca - Metal	22C	\$149.9872	\$11.6216 0.0775	\$10.0281 0.0669	\$4.7570 0.0317	\$5.5190 0.0368	\$1.1232 0.0075	\$33.0489
Aerial Ca - Metal - Drop	22C	\$21.0640	\$1.6321 0.0775	\$1.4083 0.0669	\$0.6681 0.0317	\$0.7751 0.0368	\$0.1577 0.0075	\$4.6414
Digtl Circ - Pair Gain	257C	\$328.7827	\$36.9168 0.1123	\$16.1369 0.0491	\$7.6548 0.0233	\$5.8410 0.0178	\$2.4621 0.0075	\$69.0115
Digital Elec Switch	377C	\$4.8315	\$0.4764 0.0986	\$0.2481 0.0513	\$0.1177 0.0244	\$0.1636 0.0339	\$0.0362 0.0075	\$1.0419
Buried Ca - Metal	45C	\$375.2005	\$26.9718 0.0719	\$25.3230 0.0675	\$12.0123 0.0320	\$10.2258 0.0273	\$2.8097 0.0075	\$77.3427
Buried Ca - Metal - Drop	45C	\$52.5625	\$3.7785 0.0719	\$3.5475 0.0675	\$1.6828 0.0320	\$1.4326 0.0273	\$0.3936 0.0075	\$10.8351
Conduit Systems	4C	\$29.3237	\$0.3466	\$2.4137	\$1.1450	\$0.0394	\$0.2196	\$4.1643

11/6/2001

Recurring Direct Cost Development - Volume Sensitive

Primary Res. and Single Line Bus.

Alabama
2-Wire Voice Grade Loop

		A	B=AxFactor	C=AxFactor	D=AxFactor	E=AxFactor	F=AxFactor	I=(B+C+D +E+F)
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Depreciation & Factor</u>	<u>Cost of Money & Factor</u>	<u>Income Tax & Factor</u>	<u>Plant Specific Expense & Factor</u>	<u>Ad Valorem Expense & Factor</u>	<u>Direct Cost</u>
			0.0118	0.0823	0.0390	0.0013	0.0075	
Intrbld Network - Metal	52C	\$2.1425	\$0.1240	\$0.1426	\$0.0676	\$0.0044	\$0.0160	\$0.3546
			0.0579	0.0665	0.0316	0.0020	0.0075	
Underground Ca - Metal	5C	\$35.5784	\$2.7956	\$2.3767	\$1.1274	\$0.4564	\$0.2664	\$7.0225
			0.0786	0.0668	0.0317	0.0128	0.0075	
Aerial Ca - Fiber - Building Entrance	812C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0600	0.0665	0.0316	0.0084	0.0075	
Aerial Ca - Fiber	822C	\$22.0864	\$1.3245	\$1.4698	\$0.6972	\$0.1850	\$0.1654	\$3.8418
			0.0600	0.0665	0.0316	0.0084	0.0075	
Buried Ca - Fiber	845C	\$38.8773	\$2.1475	\$2.6147	\$1.2403	\$0.1126	\$0.2911	\$6.4062
			0.0552	0.0673	0.0319	0.0029	0.0075	
Underground Ca - Fiber	85C	\$4.1468	\$0.2376	\$0.2745	\$0.1302	\$0.0108	\$0.0311	\$0.6842
			0.0573	0.0662	0.0314	0.0026	0.0075	
		<u>\$1,181.6138</u>						<u>\$241.1709</u>
Monthly Cost(Total / 12):								\$20.0976

11/6/2001

Recurring Direct Shared Cost Development - Volume Sensitive

Primary Res. and Single Line Bus.

Alabama
2-Wire Voice Grade Loop

	A	B=Prev Rpt Col I	C	D=AxC	E=B+D	
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Direct Cost</u>	<u>Shared Cost Factor</u>	<u>Shared Cost</u>	<u>ir. & Shrd.</u>
Buildings - COE	10C	\$49.7221	\$9.6356	0.0001	\$0.0053	\$9.6410
Aerial Ca - Metal - Building Entrance	12C	\$0.0263	\$0.0058	0.0277	\$0.0007	\$0.0065
Poles	1C	\$65.7991	\$12.8774	0.0137	\$0.9035	\$13.7809
Land - COE	20C	\$1.4826	\$0.2570	0.0000	\$0.0000	\$0.2570
Aerial Ca - Metal	22C	\$149.9872	\$33.0489	0.0277	\$4.1517	\$37.2006
Aerial Ca - Metal - Drop	22C	\$21.0640	\$4.6414	0.0277	\$0.5831	\$5.2244
Digitl Circ - Pair Gain	257C	\$328.7827	\$69.0115	0.0171	\$5.6271	\$74.6386
Digital Elec Switch	377C	\$4.8315	\$1.0419	0.0167	\$0.0806	\$1.1226
Buried Ca - Metal	45C	\$375.2005	\$77.3427	0.0246	\$9.2135	\$86.5561
Buried Ca - Metal - Drop	45C	\$52.5625	\$10.8351	0.0246	\$1.2907	\$12.1258
Conduit Systems	4C	\$29.3237	\$4.1643	0.0098	\$0.2875	\$4.4518

11/6/2001

Recurring Direct Shared Cost Development - Volume Sensitive

Primary Res. and Single Line Bus.

**Alabama
2-Wire Voice Grade Loop**

		A	B=Prev Rpt Col I	C	D=AxC	E=B+D
				Shared Cost Factor	Shared Cost	
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Direct Cost</u>			<u>ir. & Shrd.</u>
Intrbld Network - Metal	52C	\$2.1425	\$0.3546	0.0135	\$0.0289	\$0.3835
Underground Ca - Metal	5C	\$35.5784	\$7.0225	0.0191	\$0.6790	\$7.7015
Aerial Ca - Fiber - Building Entrance	812C	\$0.0000	\$0.0000	0.0219	\$0.0000	\$0.0000
Aerial Ca - Fiber	822C	\$22.0864	\$3.8418	0.0219	\$0.4826	\$4.3245
Buried Ca - Fiber	845C	\$38.8773	\$6.4062	0.0151	\$0.5884	\$6.9946
Underground Ca - Fiber	85C	\$4.1468	\$0.6842	0.0177	\$0.0732	\$0.7573
		\$1,181.6138	\$241.1709		\$23.9958	\$265.1667
Monthly Costs (Total / 12):			\$20.0976		\$1.9997	\$22.0972

11/6/2001

Recurring Cost Summary

Primary Res. and Single Line Bus.

Alabama Exchange Port - 2-Wire Line Port

<u>Description</u>	<u>Volume Sensitive</u>			<u>Volume Insensitive</u>		
	<u>Direct Cost</u>	<u>Shared Cost</u>	<u>Dir. & Shrd.</u>	<u>Direct Cost</u>	<u>Shared Cost</u>	<u>Dir. & Shrd.</u>
Recurring Cost Development Reports	\$1.1829	\$0.0805	\$1.2635	\$0.0831	\$0.0000	\$0.0831
LABOR EXPENSES:						
OTHER EXPENSES:						
Total Monthly Cost	<u>\$1.1829</u>	<u>\$0.0805</u>	<u>\$1.2635</u>	<u>\$0.0831</u>	<u>\$0.0000</u>	<u>\$0.0831</u>
Gross Receipts Tax Factor		X	<u>1.0000</u>		X	<u>1.0000</u>
Cost (Including Gross Receipts Tax)			<u>\$1.2635</u>			<u>\$0.0831</u>
Common Cost Factor		X	<u>1.0000</u>		X	<u>1.0000</u>
Monthly Economic Cost			<u>\$1.2635</u>			<u>\$0.0831</u>

Total Monthly Economic Cost: \$1.3466

11/6/2001

Investment Development - Volume Sensitive

Primary Res. and Single Line Bus.

Alabama
Exchange Port - 2-Wire Line Port

		A	B	C=AxB	D1	D2	D3	D4	D5	E=Cx(D1xD2 x...xD5)	F	G=ExF	
		In-Plant Factors (Default = 1)										Supporting Equipment &/or Power Loading	Total Investment
Description	FRC	Sub FRC	Material	Inflation Factor	Adjusted Material	Plug-in Inventory Factor	Mat'l Factor	Telco Factor	Plug-in Factor	Hardwire Factor	In-Plant Investment		
Digital Elec Switch - Vendor EF&I - MCEP	377C	03	\$48.0635	1.0338	\$49.6866	NA	NA	1.0639	NA	NA	\$52.8627	1.0946	\$57.8657
Digital Elec Switch - MDF	377C	05	\$0.0000	1.0338	\$0.0000	NA	1.2340	NA	NA	NA	\$0.0000	1.0946	\$0.0000
Intangibles - Network Switch Software RTU	560C	00	\$0.0000	NA	\$0.0000	NA	NA	NA	NA	NA	\$0.0000	NA	\$0.0000
											\$52.8627		\$57.8657

11/6/2001

Land, Building, Pole, and Conduit Investment Development - Volume Sensitive

Primary Res. and Single Line Bus.

Alabama
Exchange Port - 2-Wire Line Port

A=Prev Page Col G B C=AxB D E=AxD F G=AxF H I=AxH

<u>Description</u>	<u>FRC</u>	<u>Sub FRC</u>	<u>Investment</u>	<u>Land Factor</u>	<u>Land Investment</u>	<u>Building Factor</u>	<u>Building Investment</u>	<u>Pole Factor</u>	<u>Pole Investment</u>	<u>Conduit Factor</u>	<u>Conduit Investment</u>
Digital Elec Switch - Vendor EF&I - MCEP	377C	03	\$57.8657	0.0044	\$0.2572	0.1490	\$8.6245	NA	\$0.0000	NA	\$0.0000
Digital Elec Switch - MDF	377C	05	\$0.0000	0.0044	\$0.0000	0.1490	\$0.0000	NA	\$0.0000	NA	\$0.0000
Intangibles - Network Switch Software RTU	560C	00	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
				FRC 20C:	<u>\$0.2572</u>	FRC 10C:	<u>\$8.6245</u>	FRC 1C:	<u>\$0.0000</u>	FRC 4C:	<u>\$0.0000</u>

11/6/2001

Recurring Direct Cost Development - Volume Sensitive

Primary Res. and Single Line. Bus.

Alabama
Exchange Port - 2-Wire Line Port

		A	B=AxFactor	C=AxFactor	D=AxFactor	E=AxFactor	F=AxFactor	I=(B+C+D +E+F)
						Plant		
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Depreciation & Factor</u>	<u>Cost of Money & Factor</u>	<u>Income Tax & Factor</u>	<u>Specific Expense & Factor</u>	<u>Ad Valorem Expense & Factor</u>	<u>Direct Cost</u>
Buildings - COE	10C	\$8.6245	\$0.1808	\$0.7703	\$0.3654	\$0.2903	\$0.0646	\$1.6713
			0.0210	0.0893	0.0424	0.0337	0.0075	
Poles	1C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0439	0.0723	0.0343	0.0378	0.0075	
Land - COE	20C	\$0.2572	\$0.0000	\$0.0289	\$0.0137	\$0.0000	\$0.0019	\$0.0446
			0.0000	0.1125	0.0534	0.0000	0.0075	
Digital Elec Switch	377C	\$57.8657	\$5.7060	\$2.9710	\$1.4093	\$1.9592	\$0.4333	\$12.4790
			0.0986	0.0513	0.0244	0.0339	0.0075	
Conduit Systems	4C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0118	0.0823	0.0390	0.0013	0.0075	
Intangibles - Network Switch Software RTU	560C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.3333	0.0525	0.0249	NA	0.0075	
		<u>\$66.7473</u>						<u>\$14.1949</u>
Monthly Cost(Total / 12):								\$1.1829

11/6/2001

Recurring Cost Development - Volume Sensitive

Primary Res. and Single Line Bus.

**Alabama
Exchange Port - 2-Wire Line Port**

		A	B=Prev Rpt Col I	C	D=AxC	E=B+D
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Direct Cost</u>	<u>Shared Cost Factor</u>	<u>Shared Cost</u>	<u>ir. & Shrd.</u>
Buildings - COE	10C	\$8.6245	\$1.6713	0.0001	\$0.0009	\$1.6723
Poles	1C	\$0.0000	\$0.0000	0.0137	\$0.0000	\$0.0000
Land - COE	20C	\$0.2572	\$0.0446	0.0000	\$0.0000	\$0.0446
Digital Elec Switch	377C	\$57.8657	\$12.4790	0.0167	\$0.9656	\$13.4446
Conduit Systems	4C	\$0.0000	\$0.0000	0.0098	\$0.0000	\$0.0000
Intangibles - Network Switch Software RTU	560C	\$0.0000	\$0.0000	NA	\$0.0000	\$0.0000
		\$66.7473	\$14.1949		\$0.9665	\$15.1614
Monthly Costs (Total / 12):			\$1.1829		\$0.0805	\$1.2635

11/6/2001

Investment Development - Volume Insensitive

Primary Res. and Single Line Bus.

Alabama
Exchange Port - 2-Wire Line Port

		A	B	C=AxB	D1	D2	D3	D4	D5	E=Cx(D1xD2 x...xD5)	F	G=ExF	
		In-Plant Factors (Default = 1)										Supporting Equipment &/or Power Loading	Total Investment
Description	FRC	Sub FRC	Material	Inflation Factor	Adjusted Material	Plug-in Inventory Factor	Mat'l Factor	Telco Factor	Plug-in Factor	Hardwire Factor	In-Plant Investment		
Digital Elec Switch - Vendor EF&I - MCEP	377C	03	\$0.0000	1.0338	\$0.0000	NA	NA	1.0639	NA	NA	\$0.0000	1.0946	\$0.0000
Digital Elec Switch - MDF	377C	05	\$0.0000	1.0338	\$0.0000	NA	1.2340	NA	NA	NA	\$0.0000	1.0946	\$0.0000
Intangibles - Network Switch Software RTU	560C	00	\$2.3844	NA	\$2.3844	NA	NA	NA	NA	NA	\$2.3844	NA	\$2.3844
											\$2.3844		\$2.3844

11/6/2001

Land, Building, Pole, and Conduit Investment Development - Volume Insensitive

Primary Res. and Single Line Bus.

Alabama
Exchange Port - 2-Wire Line Port

A=Prev Page
Col G

B

C=AxB

D

E=AxD

F

G=AxF

H

I=AxH

<u>Description</u>	<u>FRC</u>	<u>Sub FRC</u>	<u>Investment</u>	<u>Land Factor</u>	<u>Land Investment</u>	<u>Building Factor</u>	<u>Building Investment</u>	<u>Pole Factor</u>	<u>Pole Investment</u>	<u>Conduit Factor</u>	<u>Conduit Investment</u>
Digital Elec Switch - Vendor EF&I - MCEP	377C	03	\$0.0000	0.0044	\$0.0000	0.1490	\$0.0000	NA	\$0.0000	NA	\$0.0000
Digital Elec Switch - MDF	377C	05	\$0.0000	0.0044	\$0.0000	0.1490	\$0.0000	NA	\$0.0000	NA	\$0.0000
Intangibles - Network Switch Software RTU	560C	00	\$2.3844	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000	NA	\$0.0000
				FRC 20C:	<u>\$0.0000</u>	FRC 10C:	<u>\$0.0000</u>	FRC 1C:	<u>\$0.0000</u>	FRC 4C:	<u>\$0.0000</u>

11/6/2001

Recurring Direct Cost Development - Volume Insensitive

Primary Res. and Single Line Bus.

Alabama
Exchange Port - 2-Wire Line Port

		A	B=AxFactor	C=AxFactor	D=AxFactor	E=AxFactor	F=AxFactor	I=(B+C+D +E+F)
				Cost of Money & Factor	Income Tax & Factor	Plant Specific Expense & Factor	Ad Valorem Expense & Factor	Direct Cost
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Depreciation & Factor</u>					
Land - COE	20C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0000	0.1125	0.0534	0.0000	0.0075	
Buildings - COE	10C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0210	0.0893	0.0424	0.0337	0.0075	
Poles	1C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0439	0.0723	0.0343	0.0378	0.0075	
Conduit Systems	4C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0118	0.0823	0.0390	0.0013	0.0075	
Digital Elec Switch	377C	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
			0.0986	0.0513	0.0244	0.0339	0.0075	
Intangibles - Network Switch Software RTU	560C	\$2.3844	\$0.7948	\$0.1252	\$0.0594	\$0.0000	\$0.0179	\$0.9972
			0.3333	0.0525	0.0249	NA	0.0075	
		<u>\$2.3844</u>						<u>\$0.9972</u>
Monthly Cost(Total / 12):								\$0.0831

11/6/2001

Recurring Cost Development - Volume Insensitive

Primary Res. and Single Line Bus.

Alabama
Exchange Port - 2-Wire Line Port

		A	B=Prev Rpt Col I	C	D=AxC	E=B+D
<u>Description</u>	<u>FRC</u>	<u>Investment</u>	<u>Direct Cost</u>	<u>Shared Cost Factor</u>	<u>Shared Cost</u>	<u>ir. & Shrd.</u>
Land - COE	20C	\$0.0000	\$0.0000	0.0000	\$0.0000	\$0.0000
Buildings - COE	10C	\$0.0000	\$0.0000	0.0001	\$0.0000	\$0.0000
Poles	1C	\$0.0000	\$0.0000	0.0137	\$0.0000	\$0.0000
Conduit Systems	4C	\$0.0000	\$0.0000	0.0098	\$0.0000	\$0.0000
Digital Elec Switch	377C	\$0.0000	\$0.0000	0.0167	\$0.0000	\$0.0000
Intangibles - Network Switch Software RTU	560C	<u>\$2.3844</u>	<u>\$0.9972</u>	NA	<u>\$0.0000</u>	<u>\$0.9972</u>
		\$2.3844	\$0.9972		\$0.0000	\$0.9972
Monthly Costs (Total / 12):			\$0.0831		\$0.0000	\$0.0831